

Congresswoman's amendment would encourage smart investments in high-growth industries in Southern California

WASHINGTON, D.C. – Congresswoman Loretta Sanchez (CA-47) today voted to provide Orange County's small businesses with the capital they need to grow – and fuel our economic recovery in the process. H.R. 5297, the Small Business Jobs and Credit Act, would expand lending and tax incentives to small firms that are struggling to access credit. Rep. Sanchez sponsored an amendment that would encourage small business investment companies to direct capital to high-growth industries. The amendment received broad bipartisan support and was included in the final version of H.R. 5297.

"Small businesses are the engine of our economy, creating two-thirds of the new jobs over the last 15 years," said Rep. Sanchez, who is a member of the bipartisan Joint Economic Committee. "These firms depend on access to capital to grow and thrive, but can't get the financing they need due to tight lending standards. This bill will help deliver the funding small businesses need to expand and create jobs in Orange County."

To help encourage investment in emerging industries, Rep. Sanchez offered an amendment to the Small Business Jobs and Credit Act that would create additional criteria for investment companies that are interested in participating in a new small business early-stage investment program created by the bill. In order to participate in the program, investment companies will have to outline their plans to channel investment capital to promising small-business start-ups, particularly those in high-growth industries like information technology, defense technology, clean technology, and digital media. Rep. Sanchez's amendment would help ensure that investment companies are directing capital to industries with the potential for sustainable, long-term growth.

"It's important to encourage smart investments in small businesses and industries with a proven track record of creating jobs," Rep. Sanchez continued. "My amendment does just that by providing incentives for companies to invest in the industries of tomorrow, many of which are located right here in our community."

The Small Business Jobs and Credit Act, which is fully paid for, would deliver loans to small businesses on Main Street to push the recovery forward and create jobs through a new \$30

billion lending fund for small to medium-sized community banks, which provide the majority of the credit small businesses need to grow. The bill includes tough performance-based incentives to make sure that these banks lend to small businesses. The program would only be available to banks with assets of less than \$10 billion – ruling out the “big banks” that are under fire for putting their own interests before their customers.

In addition to creating the Small Business Lending Fund, the bill also provides \$2 billion in funding for new or existing state lending programs. These programs already exist in around thirty states – including California – and use small amounts of public dollars to generate substantial private bank financing. By supporting existing programs and using an easy to replicate model, this credit initiative will be able to quickly increase small business lending and create jobs.